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China Transformed: Growth Opportunities in a Reshaped Market

by The IWSR Drinks Market Analysis, www.theiwsr.com

China's beverage alcohol market is in the midst of a structural reset as the decline of business-occasion drinking clears the way for a new consumer model: younger, more casual and more personal. For brands that understand this shift, meaningful growth opportunities still exist.

For most of the past two decades, the engine driving China's beverage alcohol market has been banqueting and business entertainment. Now that has largely switched off — and is unlikely to return to its previous heights in the foreseeable future — a new dynamic has taken its place characterized by younger LDA consumers, casual social occasions, home consumption and the rapid rise of on-demand delivery.

According to IWSR analysis, 2026 will see a mixed performance in China with early indicators suggesting that some categories in the market might have bottomed out, while categories such as baijiu continue to decline and categories such as imported white spirits and RTDs continue to grow — meaning that, for businesses willing to track the new consumer reality rather than wait for the old one to return, there are genuine windows of opportunity.

This comes after a challenging 2025 for the Chinese market with total beverage alcohol (TBA) volumes falling by -4%, or by -2% excluding national spirits (baijiu). But this masks dynamic growth for some categories, such as white spirits, and signs of promise in whisky, white wine, premium beer and RTDs.

"After another difficult year in 2025, alcohol consumption in China is migrating away from obligation and gifting and towards personal enjoyment, casual social occasions and value," said Shirley Zhu, IWSR China Research Director. "This shift is reshaping who buys, what they buy, where they buy it and how much they are willing to spend. Younger LDA consumers are embracing casual drinking, and they remain largely absent from high-end wine and most premium brown spirits. Meanwhile, older drinkers are being more selective and cautious as business occasions have yet to return. Home consumption has started to grow across spirits and wine alongside the expansion of smaller formats, on-demand delivery (O2O in China) and solo or small-group drinking."

Right place, right time: the new occasion landscape

The shift away from business-oriented gifting and entertainment to personal enjoyment is manifesting itself in many different ways, transforming channels — across the on-premise, off-premise and e-commerce — and creating dynamic growth opportunities such as at-home consumption and increasingly popular miniature formats.

"The on-premise has been going through significant changes, shifting from large, high-energy venues towards smaller bistros, cocktail bars, fusion restaurants and live houses (venues with live music)," noted Zhu. "However, business occasion dining, historically the engine of premium sales, has largely disappeared."

In the off-premise, hypermarkets and supermarkets have declined as convenience stores (CVS) surge driven by demand for smaller

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Breakthru Beverage Group

Breakthru Beverage Group has been named a 2026 U.S. Best Managed Company for the fifth consecutive year, maintaining its Gold status. Sponsored by Deloitte Private and *The Wall Street Journal,* the program recognizes outstanding U.S. private companies.

The 2026 designees are U.S. private companies that have demonstrated excellence in strategic planning and execution and a commitment to their people, as well as maintaining financial performance and governance. This year's class is making investments in digital transformation, including AI, demonstrating the ability to drive sustainable growth and showing resilience during times of volatility.

Breakthru earned the distinction of Gold Honoree, which is awarded to companies that have been recognized as a Best Managed Company for four to six consecutive years. This reflects consistent achievement and a commitment to ongoing development and growth.

"Being recognized once again as a Best Managed Company reflects the positive impact of our people, the strength of our company and the commitment to excellence that guides our operations," said Breakthru CEO Tom Bené. "As we celebrate our 10-year anniversary, this milestone achievement underscores our strong position and the intentional investments we've made in our business and people."

Applicants are evaluated and selected by a panel of independent judges focused on assessing hallmarks of excellence in four key areas: strategy, ability to execute, corporate culture and governance/financial performance. They join a global ecosystem of honorees from more than 46 countries recognized by the Best Managed Companies program.

Breakthru to Acquire Republic National Distributing Company's Interests in Joint Venture Businesses in Kentucky and Indiana

Breakthru Beverage Group has entered into a Letter of Intent to acquire Republic National Distributing Company interests in its joint venture businesses with National Wine & Spirits in Kentucky and Indiana. Upon closing of the transaction, Breakthru Kentucky and Breakthru Indiana will be fully integrated into the Breakthru family, expanding Breakthru's operations to 18 states.